



**OIL BASINS** LIMITED

# **DERBY BLOCK (PERMIT EP 487) UPDATE**

Oil Basins Limited

**29 JULY 2014**

**DEVELOPING STRATEGIC HUBS IN MATURE HYDROCARBON ADDRESSES**

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- The information in this document will be subject to completion, verification and amendment, and should not be relied upon as a complete and accurate representation of any matters that a potential investor should consider in evaluating Oil Basins Limited. Assumed in-the ground values of unrisks prospective potential resources assets as stated in text (ignoring finding and development costs). No assumption of either commercial success or development is either implied with their adoption by either the Company and its directors and representatives in the application of these indicative values to its assets.
- Prospective Resources are those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations. Recipients should not infer that because "prospective resources" are referred to that oil and gas necessarily exist within the prospects and USG tenements. An equally valid outcome in relation to each of the Company's prospects is that no oil or gas will be discovered. Under PRMS Classification used in this study, it represents those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations. Potential accumulations are evaluated according to their chance of discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analogue developments in the earlier phases of exploration
- Information on the Reserves and Resources on the Company's operated assets in this release are based on an independent evaluations conducted by 3D-Geo Pty Ltd (3D-Geo). 3D-Geo is a independent geoscience consultancy specialising in petroleum. The technical work was undertaken by a team of geoscientists and petrophysicists and is based open-file seismic and well data and data supplied by OBL. The technical assessment was performed primarily by, or under the supervision of Dr Jeff Keetley, Director 3D-Geo. Dr Keetley holds the qualification BSc (Petroleum Geoscience) & PhD from Melbourne University, has over 16 years of experience as a geophysicist and is a Member of Society of Exploration Geophysicists (SEG) and the American Association of Petroleum Geologists. 3D-Geo's approach has been to review the data supplied by OBL for reasonableness and then independently estimate ranges of in-place and recoverable volumes using Petrel™. 3D-Geo have estimated the degree of uncertainty inherent in the measurements and interpretation of the data and have calculated a range of recoverable volumes, based on predicted field performance for the property. The modelling and Monte Carlo risked assessment of prospective potential resources has been completed using Petrel™, Trinity 3D and Lithotect software with resources assessed using PRMS. 3D-Geo and Dr Keetley have given their consent at the date of the release to the inclusion of this statement and the information in the form and context in which they appear in the OBL Presentation
- The technical information quoted has been compiled and / or assessed by Company Director Mr Neil Doyle who is a professional engineer (BEng, MEngSc - Geomechanics) with over 35 years standing and has been a full and continuous member of the US Petroleum Engineers since 1981 and by Mr Geoff Geary who is a professional geologist (Bachelor Science – Geology) with over 33 years standing and who is also a Member of Petroleum Exploration Society of Australia. Both Mr Doyle and Mr Geary have consented to the inclusion in this announcement of the matters based on the information in the form and context in which they originally appear – investors should at all times refer to appropriate ASX Releases. Other data on Gippsland Permits Vic/P47 and Vic/P41 relies on the former operator ASX Releases and disclosures.
- Investment in Oil Basins Limited is regarded as speculative and this presentation includes certain forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward looking statements. These factors include, among other things, commercial and other risks associated with estimation of potential hydrocarbon resources, the meeting of objectives and other investment considerations, as well as other matters not yet known to the Company or not currently considered material by the Company.
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Oil Basins Limited (**OBL**) is an oil and gas exploration and development company with projects in Victoria and Western Australia. Since re-floating in mid-2006, the Company has established and operates a diverse balanced portfolio all located in low risk mature basins. All the assets are in highly prospective hydrocarbon addresses that give shareholders substantial upside potential.

OBL fundamentals are backed by significant exposure to 3 discoveries – Cyrano Oil Field (100%), Moby Location – Gas (25%) and Judith Gas Field (25%).

## **OBL an established Operator since 2010, manages the following portfolio:**

- ❖ Offshore Carnarvon Basin (100% & Operator + 2% ORRI) – undeveloped Cyrano Oil Field (field marginal but 2C upside estimated at circa 6.5 MMboe)
- ❖ Canning Basin (100% & Operator) Backreef Area Deep Tight Oil / Deep USO
- ❖ Canning Basin (50%\*\* & Operator) EP 487 Derby Block USG Domgas & future Export LNG
- ❖ Offshore Gippsland Basin (Non-operator) – OBL Group 25% Vic/P47 (two undeveloped gas fields – Judith and Moby Location) and OBL Group 35.395% Vic/P41 – conventional oil and gas.

**\*\* seeking to increase to 100% as a result of an application to the WA State Administrative Tribunal**

# OBL has an established portfolio in strategic locations

Permit EP 487  
(Derby Block)  
Gross USG P50  
18.7 Tcf & 462MMbbls  
3D-Geo

100% Backreef Area  
USO P50 391 MMbbls  
3D- Geo

**HIGH LEVERAGE  
TO LARGE USO**

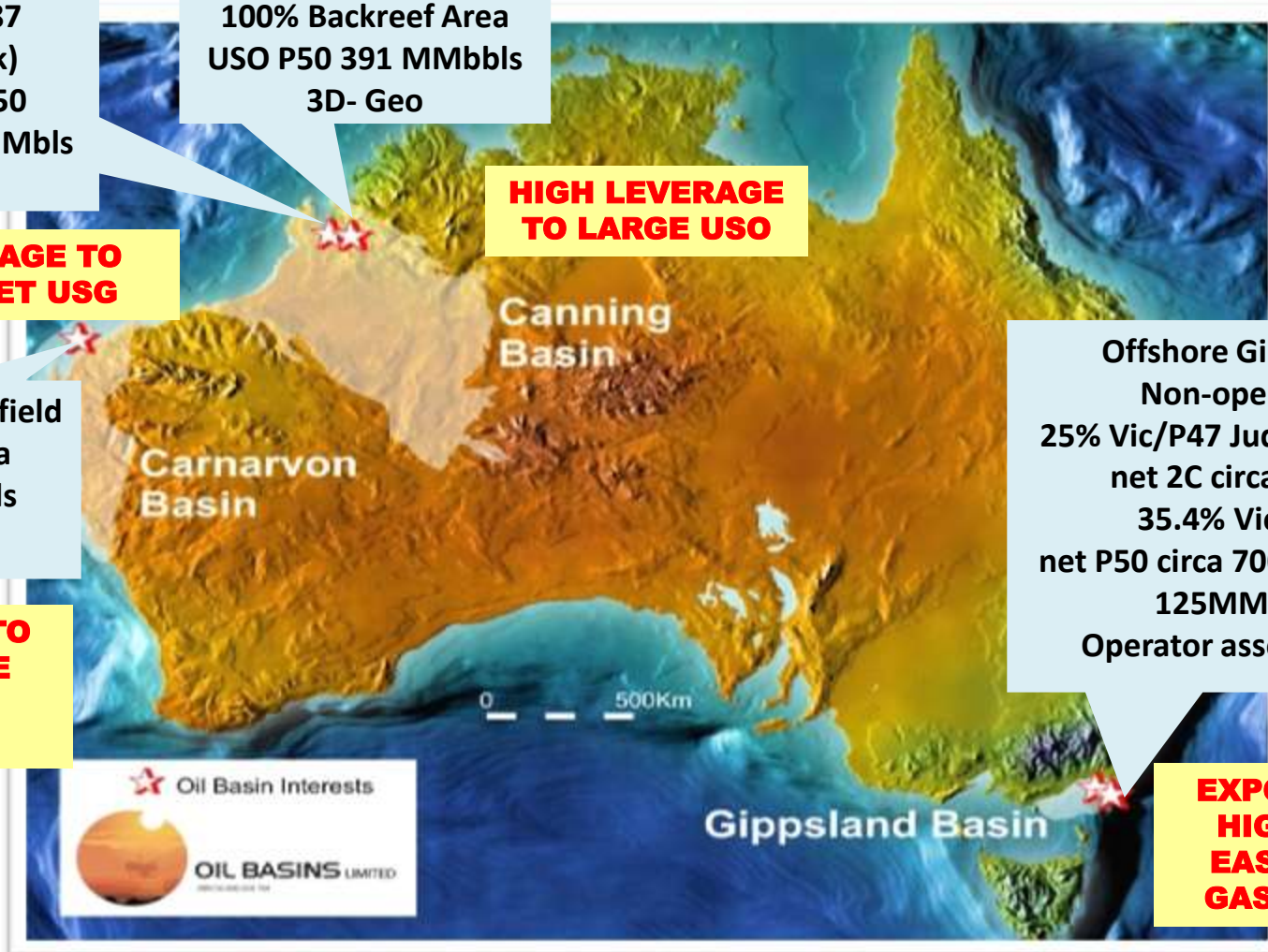
**HIGH LEVERAGE TO  
CANNING WET USG**

100% Cyrano Oilfield  
Gross 2C circa  
3 to 5 MMbbls  
3D-Geo

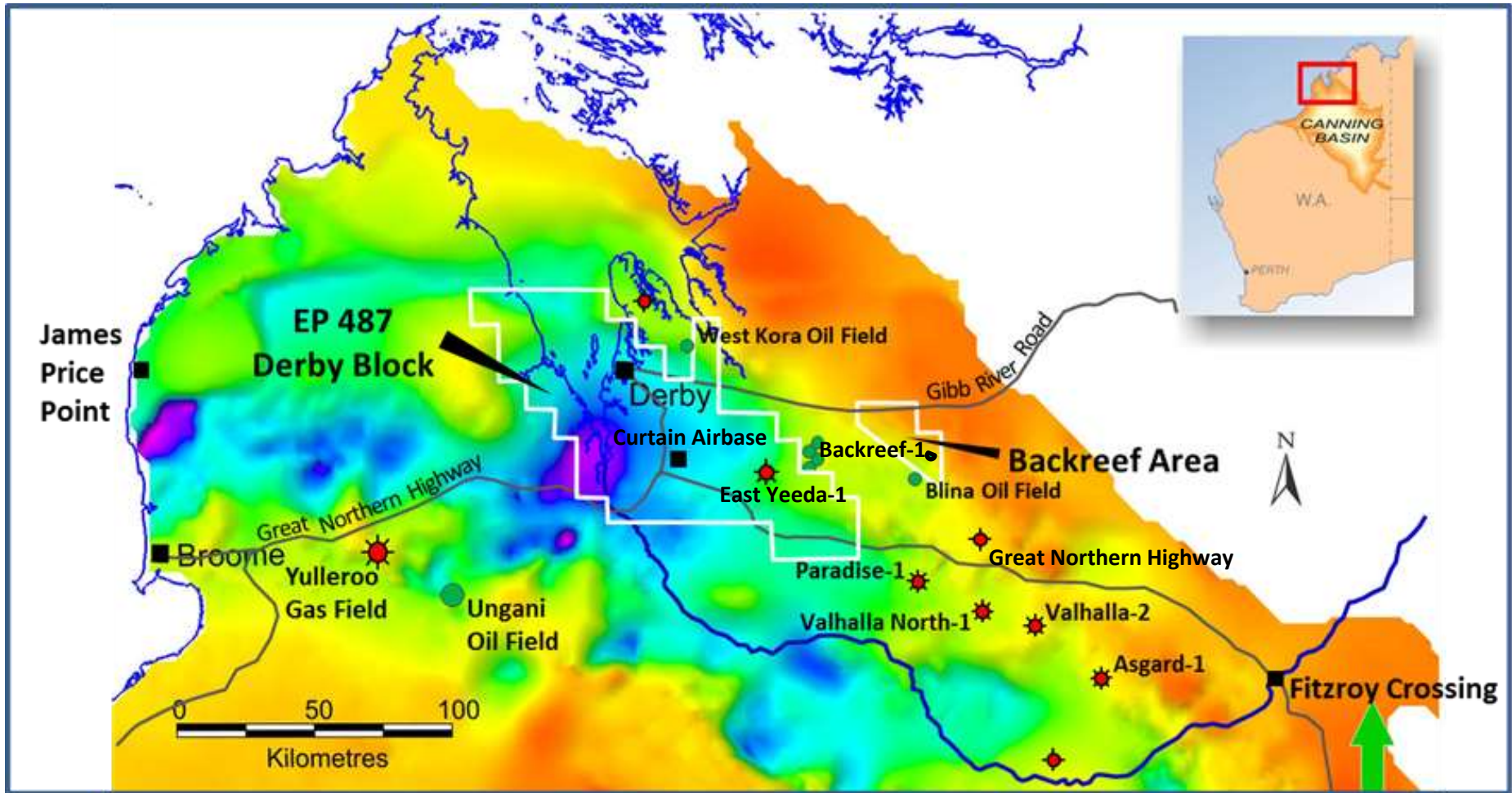
**EXPOSURE TO  
HIGH PRICE  
WA GAS  
MARKET**

Offshore Gippsland  
Non-operated  
25% Vic/P47 Judith & Moby  
net 2C circa 28 Bcf  
35.4% Vic/P41  
net P50 circa 700 Bcf & circa  
125MMbbls  
Operator assessments

**EXPOSURE TO  
HIGH PRICE  
EAST COAST  
GAS MARKET**



# Onshore Canning – OBL is operator of Derby Block



OBL's Derby Block hosts estimated over 30Tcf Wet Laurel BCG Play down to 5000m cut-off

# Derby Block (EP 487) – Present Status

- OBL granted title 14 March 2014, commenced operations as Operator on 21 March 2014.
- Flora & Fauna Survey completed on 20 June 2014 (100% funded to date by OBL).
- Given non-performance of its joint venturer since grant of the Permit on 14 March 2014, OBL is now seeking full ownership of the Derby Block EP 487 by way of an Application to the WA State Administrative Tribunal (SAT).
- The SAT hearing is scheduled for 18 September 2014.
- OBL is also taking legal action against its joint venturer in the WA District Court for failure to pay current outstanding cash calls.

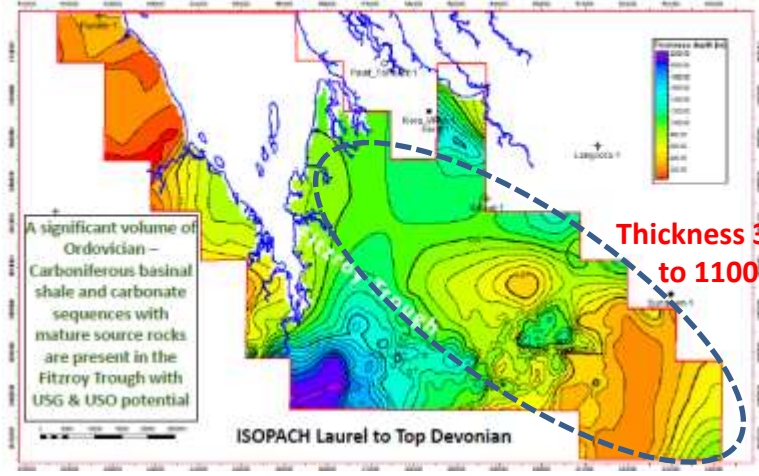
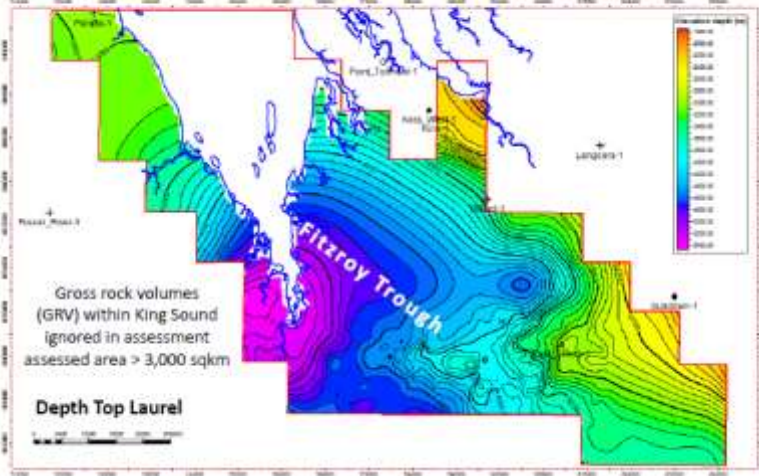
# Derby Block (EP 487) – Location key attributes

- EP 487 (the Derby Block) is an excellent location for wet Laurel BCG in the Fitzroy Trough of the Canning Basin.
- Permit contains a very thick sequence of mature marine source rocks of similar geological age to those explored successfully in North America as USG / USO.
- Main prospective region is completely bounded to the west, north and south by all-weather bitumen highways and only 6 significant pastoralist landowners.
- Nearby Derby township, airports (Virgin operates domestic flights to Curtin Airbase in the centre of the Derby Block) and significant support infrastructure (Base Hospital etc.).
- Route of proposed new Great Northern Pipeline will likely traverse EP 487 in the south along the Great Northern Highway to connect to Valhalla BCG (nearby to the east).

**Derby Block offers significant potential for future Domgas competition to Pilbara/South-west WA and / or feedstock for Export LNG**

# Derby Block's Wet Laurel BCG Prospective Resources

Laurel Formation – Basin Centred Gas 3D-Geo mapped: In eastern / central parts of the block, the Laurel is at reasonable drillable depths (~4000 m) and is more than 500 m thick. Early Carboniferous to Devonian isopach: **Laurel BCG – thicker & deeper**

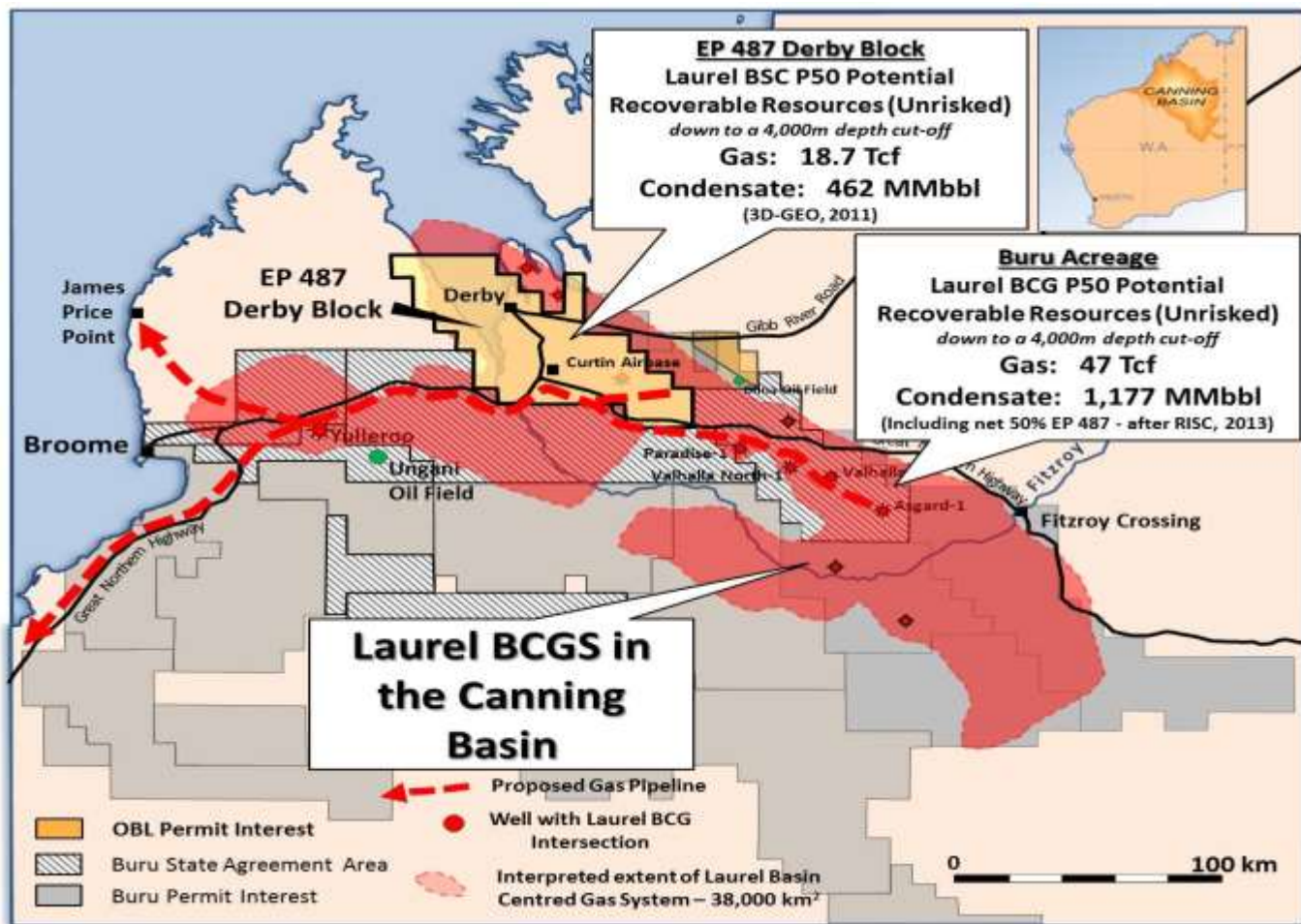


EP 487 (Derby Block)	Prospective Resources PRMS SPE 2011			
	3D-Geo Independent Expert Assessment (2013)			
Product	P90	P50	P10	Mean
Gas In-Place Tcf	31.8	107.4	357.8	164.7
Recoverable Gas Tcf	4.8	18.7	68.8	31.2
Recoverable Condensate MMstb	117.4	461.9	1,785.0	801.7

Depth to 4000m (under P90, P50, P10)  
 Depth to 5000m (under Mean)



# Derby Block is well positioned for Wet Laurel Basin Centred Gas (BCG)



**Bounded by oil discoveries in the north, Derby Block's Wet Laurel BCG is potentially the Sweet Spot in the Canning for Wet USG**

# Comparison with BRU's Net Share Laurel Wet BCG Play

- BRU's reported net share of P50 prospective potential recoverable unrisks resources down to 4000m on BRU operated permits as net 47 Tcf Gas and net 1.177 Billion bbls condensate & 17,353 sqkm (refer to RISC IER findings summarised in the BRU ASX Release dated 8 February 2013).
- The 17,353 sqkm estimate appears to assume a net ownership of 2,051 sqkm representing 50% and operatorship of Derby Block EP 487 (BRU website).
- BRU's has also booked a net 50% Mean prospective potential recoverable unrisks resources down to 4000m 43 Tcf Gas and 1.25 Billion bbls condensate (Kingsley, D. & Streitberg E. WABS Conference 2013, Perth August) (presumably relates only to the jointly held State Agreement Permits, as 50% interest is quoted).
- 3D-Geo independent assessment (IER) of Derby Block gross P50 prospective potential recoverable unrisks resources down to 4000m as net 18.7 Tcf Gas and 461.9MMbbls condensate (using similar publicly available assumptions to RISC).
- **Should OBL's SAT & legal claims be successful and OBL attains 100% Derby Block, OBL estimates the potential impact to BRU is a potential overstatement of their net share of P50 prospective potential recoverable unrisks resources is potentially overstated by circa net 9.4 Tcf Gas and net 231MMbbls condensate (according to 3D-Geo's independent assessment).**

# Impact to OBL of Octanex Priority Farmin & successful SAT Action

## OBL attaining Net 75% Derby Block

Source:  
OBL ASX Release 14 February 2013  
IER Summary prepared by 3D-Geo  
down to the BRU 4,000m cut-off

OBL Net P50 Laurel BCG Play		
Net Play Area	Net P50 Recoverable Gas	Net P50 Recoverable Condensate
75% sqkm	Tcf	MM Bbls
3,797	14.0	346

## OBL attaining Net 37.5% Derby Block

Source:  
OBL ASX Release 14 February 2013  
IER Summary prepared by 3D-Geo  
down to the BRU 4,000m cut-off

OBL Net P50 Laurel BCG Play		
Net Play Area	Net P50 Recoverable Gas	Net P50 Recoverable Condensate
37.5% sqkm	Tcf	MM Bbls
1,898	7.0	173

## OBL attaining Net 75% Derby Block

Source:  
OBL ASX Release 14 February 2013  
IER Summary prepared by 3D-Geo  
down to 5,000m cut-off

OBL Net Mean Laurel BCG Play		
Net Play Area	Net Mean Recoverable Gas	Net Mean Recoverable Condensate
75% sqkm	Tcf	MM Bbls
3,797	23.4	601

## OBL attaining Net 37.5% Derby Block

Source:  
OBL ASX Release 14 February 2013  
IER Summary prepared by 3D-Geo  
down to 5,000m cut-off

OBL Net Mean Laurel BCG Play		
Net Play Area	Net Mean Recoverable Gas	Net Mean Recoverable Condensate
37.5% sqkm	Tcf	MM Bbls
1,898	11.7	301

- OBL will attain net 37.5% of Derby Block if Octanex (OXX) Farmin is completed.
- OBL will move to net 75% if both OXX is complete and SAT Action is successful.
- By way of comparison of OBL's net P50 potential prospective position, the gross stated 2P gas reserves of the offshore Pluto gas field are circa 5 Tcf.

- 3D-Geo PRMS Independent Assessment estimates the Mean Recoverable Prospective Potential Unrisked Resources of EP 487 at 31.2 Tcf Gas and 801 MMbbls Condensate at Depths down to a depth of 5000m. (recognising that the majority of the gross rock volume of the target Laurel Shale formation is deeper within the Derby Block).

# Derby Block – Strategic Partnering Opportunity

- Once the ownership of Derby Block EP 487 has been successfully finalised and OBL's legal challenges have been resolved, OBL is seeking an aligned operating partner to Farmin on attractive terms.
- Derby Block Operations have commenced with the Flora and Fauna Survey recently completed and work has commenced on the Environmental Plan.
- The OBL Environmental Plan will incorporate Seismic Survey, Drilling & Production Testing (utilising OBL's nearby Backreef Area experience and thereby giving greater operational flexibility in 2015).
- OBL is seeking an experienced operator with USG expertise and access to deep drilling rigs of up to 5000m depth capacity to rapidly advance its operations in 2015.
- OBL believes that the sheer size of the Derby Block Wet Laurel BCG potential plus common carrier access of proposed pipeline connecting to Valhalla BCG in the east will likely attract an aligned partner and create substantial competition and future costs savings for all regional operators.

# Doing a Bradbury!

**The Company's diverse energy exploration portfolio spreads investment risk.**

- **OBL's asset position offers investors significant exposure to the Wet Laurel BCG – in possibly a 'sweet spot' within the Fitzroy Trough close to all infrastructure which will assist in defraying both exploration and development costs in this remote region.**
- **With a Market Capitalisation of circa \$8m, OBL is significantly 'undervalued against its Canning Basin peers' based upon its expected range of possible booked resources based upon either a multiple of:**
  - (a) Enterprise Value / Net P50 Resources, or**
  - (b) Enterprise Value / Net Mean Resources**
- **OBL is debt free and in addition offers investors:**
  - (a) Exposure to the high price Australian east coast domestic gas market.**
  - (b) Investment fundamentals are backed by booked conventional oil & gas 2C resources in both the Carnarvon and offshore Gippsland Basins (substantial costs have spent to date across these permits on drilling & 3D seismic).**
- **OBL's undeveloped Project portfolio includes:**
  - (a) 100% undeveloped Cyrano Oil Discovery (Retention Lease), and**
  - (b) Net 25% undeveloped Judith Gas Discovery & Moby (Location).**

# Glossary of Petroleum Terms

<b>M</b>	Thousand	<b>PSTM</b>	Pre-stack time migration – reprocessing method used with seismic
<b>MM</b>	Million	<b>PSDM</b>	Pre-stack depth migration – reprocessing method used with seismic converting time into depth
<b>B</b>	Billion	<b>AVO</b>	Amplitude versus Offset, enhancing statistical processing method used with 3D seismic
<b>stb</b>	Barrel of crude oil (ie 159 litres) at sea level (stock tank) atmospheric conditions	<b>GIP</b>	Gas initially in place – also known as GIIP
<b>PJ</b>	Peta Joule (1,000 Tera Joules (TJ))	<b>OIP</b>	Oil in place – also known as Stock Tank Oil Initially in Place (STOOIP)
<b>Bcf</b>	Billion cubic feet	<b>fm</b>	Formation
<b>Tcf</b>	Trillion cubic feet	<b>sst</b>	Sandstone
<b>BOE</b>	Barrel of crude oil equivalent – commonly defined as 1 TJ equates to circa 158 BOE – approximately equivalent to 1 barrel of crude equating to circa 6,000 Bcf dry methane on an energy equivalent basis)	<b>OWC</b>	Oil water contact
<b>BCG</b>	Basin Centred Gas	<b>USG</b>	Unconventional Shale Gas
<b>EPT</b>	Extended Production Test (also commonly referred to as an Extended Well Test)	<b>USO</b>	Unconventional Shale Oil
<b>ESPCP</b>	Electric Submersible Progressive Cavitation Pumps	<b>JU</b>	Jack-up (modified as a Production Unit)
		<b>MD</b>	Measured depth



**OIL BASINS** LIMITED

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